



# Office of the Staff Judge Advocate LEGAL SERVICES U.S. Army Japan and I Corps (Fwd)

## ***Making Work Pay Credit and Gov't Retiree Credit***

The Internal Revenue Service has included two new credits you may be able to take for 2009: Making Work Pay Credit and Government Retiree Credit.

Making Work Pay Credit requires earned income from work. Even if your federal income tax withholding is reduced during 2009 because of the credit, you must claim the credit on your return to benefit from it. The credit is 6.2% of your earned income but cannot be more than \$400 (\$800 if married filing jointly). The credit will be reduced if you receive a \$250 economic recovery payment, modified AGI is more than \$75,000 (\$150,000 if married filing jointly), or you take the government retiree credit. You CANNOT take the credit if your modified adjusted gross income is \$95,000 (\$190,000 if

married filing jointly) or more, you are a nonresident alien, or you can be claimed as a dependent on someone else's return.

The Government Retiree Credit is for taxpayers who receive a pension or annuity payment in 2009 for service performed for the U.S. Government or any U.S. state or local government (or any instrumentality of one or more of these) and the service was not covered by social security. The credit is \$250 (\$500 if married filing jointly and both you and your spouse receive a qualifying pension or annuity). However, you cannot take the credit if you receive a \$250 economic recovery payment.

For more information, contact your tax law specialist or the Camp Zama Tax Center at 263-1040.

## ***Those Precious Little Tax Deductions!***

Although there are certainly more benefits to our children, there are ten identified tax benefits of Children, as long as the taxpayer qualifies.

1. Dependents: In most cases, a child can be claimed as a dependent in the year they were born. For more information, see IRS Publication 501, Exemptions, Standard Deduction, and Filing Information.

2. Child Tax Credit: You may be able to take this credit on your tax return for each of your children under age 17. If you do not benefit from the full amount of the Child Tax Credit, you may be eligible for the Additional Child Tax Credit. The Additional Child Tax Credit is a refundable credit and may give you a refund even if you do not owe any tax. For more information see IRS Publication 972, Child Tax Credit.

3. Child and Dependent Care Credit: You may be able to claim this credit if you pay someone

to care for your child under age 13 so that you can work or look for work. For more information see IRS Publication 503, Child and Dependent Care Expenses.

4. Earned Income Tax Credit: The EITC is a benefit for certain people who work and have earned income from wages, self-employment or farming. EITC reduces the amount of tax you owe and may also give you a refund. For more information see IRS Publication 596, Earned Income Credit.

5. Adoption Credit: You may be able to take a tax credit for qualifying expenses paid to adopt an eligible child. For more information see the instructions for IRS Form 8839, Qualified Adoption Expenses.

6. Children with Earned Income: If your child has income earned from working, they may be required to file a tax return. For more information see IRS Publication 501.

## ZAMA LEGAL ASSISTANCE OFFICE

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If you have any  
questions, comments,  
or suggestions, please  
contact the Legal  
Assistance Office at  
263-4698.



## ***"Children... continued"***

7. Children with Investment Income: Under certain circumstances a child's investment income may be taxed at the parent's tax rate. For more information see IRS Publication 929, Tax Rules for Children and Dependents.

8. Coverdell Education Savings Account: This savings account is used to pay qualified educational expenses at an eligible educational institution. Contributions are not deductible, but qualified distributions generally are tax-free. For more information see IRS Publication 970, Tax Benefits for Education.

9. Higher Education Credits: Education tax credits can help offset the costs of education. The American Opportunity and the Lifetime Learning Credit are education credits reduce your federal income tax dollar-for-dollar, which, unlike a deduction, reduces your taxable income. For more information see IRS Publication 970.

10. Student Loan Interest: You may be able to deduct interest you pay on a qualified student loan. The deduction is an adjustment to income so you do not need to itemize your deductions. For more information see IRS Publication 970.

## **Overseas Naturalization for Spouses of Military**

The National Defense Authorization Act added Section 319(e) to the Immigration and Nationality Act (INA), which allows certain eligible spouses of service members to naturalize abroad without traveling to the United States for any part of the naturalization process and also treats a qualifying residence abroad as residence and physical presence in the U.S. for purposes of naturalization.

In general, to be eligible for naturalization abroad pursuant to section 319(e) of the INA, the permanent resident spouse of a member of the U.S. armed forces must:

- Be authorized to accompany the service member abroad pursuant to the member's official orders
- Be residing abroad with the member in marital union
- Meet the requirements of either Section 316(a) or 319(a) of the INA at the time of filing the naturalization application, except for the residence and physical presence requirements.

Section 319(a) applies to spouses of U.S. citizens who have been permanent residents for 3 years immediately preceding the date of filing the naturalization application and who have lived in marital union with their citizen spouses for at least those 3 years. Section 316(a) applies to spouses who have been permanent residents for 5 years immediately preceding the date of filing the naturalization application.

For more information, visit the U.S. Citizenship and Immigration Services at [www.uscis.gov](http://www.uscis.gov). or contact the Legal Assistance Office at 263-4698.